

Message Text

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43

ACTION EB-11

INFO OCT-01 AF-10 EUR-25 EA-11 NEA-11 ISO-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 FEA-02 SCI-06

COME-00 TRSE-00 OIC-04 IO-14 DRC-01 /173 W

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P R 290902Z JAN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 9596

INFO AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USINT ALGIERS

UNCLAS TOKYO 1272

E.O. 11652: N/A

TAGS: ENR, JA, XF

SUBJECT: ENERGY: FURTHER REMARKS BY YAMANI IN TOKYO

STATE ALSO FOR T/IEP

REF: TOKYO 1212

SUMMARY: BACKTRACKING SOMEWHAT ON EARLIER REMARKS, YAMANI REPORTEDLY SAID JANUARY 28 THAT SAUDI ARABIA HOPES TO PERSUADE OTHER PRODUCERS TO REDUCE OIL PRICES, BUT WILL NOT ACT UNILATERALLY. ON ENERGY CONFERENCE, YAMANI REPORTEDLY WARNED THAT CONSUMERS WOULD BE IN SERIOUS TROUBLE IF THEY ORGANIZED TO CONFRONT PRODUCERS. YAMANI NOTED STRONG INTEREST THAT

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MANY CONSUMER COUNTRIES, INCLUDING JAPAN, HAVE IN BILATERAL

DEALS WITH PRODUCERS, AND ADDED THAT SAUDI ARABIA WAS ALSO THINKING OF CONCLUDING BILATERAL DEAL WITH U.S. SOME EDITORIALS AND TV REPORTS ARE TAKING CAUTIOUS LINE ON DESIRABILITY FROM JAPAN'S POINT OF VIEW OF DIRECT DEALS WITH PRODUCERS. END SUMMARY

1. SAUDI PETROLEUM MINISTER YAMANI CONTINUES TO ATTRACT MAJOR MEDIA COVERAGE, BUT COVERAGE OF SECOND DAY OF HIS ACTIVITIES IS LESS EXTENSIVE AND SOMEWHAT MORE CAUTIOUS. HIGHLIGHTS BASED ON PRESS REPORTS ARE AS FOLLOWS:

2. PRICES. YAMANI TOLD PRESS THAT CURRENT OPEC MEETING IN VIENNA IS FOR PURPOSE OF STUDYING FUTURE OIL PRICE SYSTEM AND IS NOT CONSIDERING PRESENT PRICE LEVELS. OPEC HAS ALREADY DECIDED THAT PRESENT PRICE LEVEL WILL CONTINUE UNTIL MARCH AND WILL BE REVIEWED AT THAT TIME. WITHIN OPEC, YAMANI REPORTEDLY SAID, THERE ARE SOME COUNTRIES WHICH SAY THAT OIL PRICES SHOULD BE RAISED, BUT SAUDI ARABIA BELIEVES THAT THEY SHOULD BE REDUCED AND IS WORKING FOR THAT PURPOSE. THIS POLICY (OF REDUCING PRICES) REPRESENTS ONLY THE VIEW OF SAUDI ARABIA AT THIS POINT, AND IS NOT OPINION OF ALL ARAB STATES. IF SAUDI ARABIA CAN PERSUADE OTHER PERSIAN GULF NATIONS, IT WISHES TO REDUCE OIL PRICE. HOWEVER, YAMANI ADDED, SAUDI ARABIA HAS NO INTENTION OF DOING THIS UNILATERALLY.

3. ENERGY CONFERENCE. NIHON KEIZAI REPORTS YAMANI SAID IN PRESS CONFERENCE AFTERNOON OF JANUARY 28, QUOTE WE HAVE DOUBTS AS TO WHETHER THERE ARE COMMON INTERESTS AMONG OIL CONSUMING COUNTRIES. WE ALSO HAVE DOUBTS ABOUT U.S. MOTIVES IN HOLDING SUCH A CONFERENCE...SOME CONSUMER COUNTRIES ARE STRONGLY INTERESTED IN BILATERAL ARRANGEMENTS AND I BELIEVE JAPAN IS FOREMOST IN THIS CATEGORY. BUT THE WASHINGTON CONFERENCE SEEMS TO BE AIMED AT PREVENTING CONCLUSION OF SUCH BILATERAL AGREEMENTS. IF THIS CONFERENCE ATTEMPTS TO ORGANIZE A LEAGUE OF CONSUMER NATIONS TO CONFRONT OIL PRODUCING COUNTRIES, THE CONSUMER NATIONS WILL FACE SERIOUS TROUBLE. BUT THERE ARE CONSUMER NATIONS WHICH DO NOT BELIEVE THAT THIS CONFERENCE SHOULD BECOME A CONFRONTATION. UNQUOTE. OTHER PAPERS ADDED YAMANI'S COMMENT THAT HE HAD NO OBJECTION TO DIALOGUE BETWEEN CONSUMERS AS LONG AS IT WAS AIMED AT COOPERATION
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WITH PRODUCERS. HOWEVER, YAMANI ADDED, THE PRODUCERS WILL BE INDIFFERENT AND WILL NOT COOPERATE IF THE CONFERENCE IS FOR PURELY POLITICAL REASONS UNQUOTE.

4. BILATERAL AGREEMENTS. SAUDI ARABIA IS INTERESTED IN INDUSTRIALIZING AND IN OBTAINING TECHNOLOGY YAMANI TOLD PRESS. JAPAN HAS ABILITY TO HELP IN MEETING THESE OBJECTIVES, AND INDEED, IS IN BETTER POSITION IN THIS RESPECT THAN U.S. OR WESTERN

EUROPE. YAMANI ADDED THAT HE THOUGHT BILATEAL AGREEMENT WITH JAPAN COULD BECONCLUDED, AND THAT THIS WOULD NOT BE INCONSISTENT WITH JAPAN'S RELATIONSHIP WITH THE U.S. WE, TOO, YAMANI SAID, ARE MAINTAINING OUR RELATIONSHIP WITH THE U.S. AND WE ARE THINKING OF CONCLUDING A BILATERAL AGREEMENT WITH U.S. TOO.

5. SOMEWHAT MORE CAUTIOUS JAPANESE ATTITUDE TOWARD YAMANI VISIT NOW BECOMING EVIDENT, REPLACING EARLIER MOOD OF EXCITEMENT. IN EDITORIAL JANUARY 29, FOR EXAMPLE, SANKEI PRESS SAID THAT ALTHOUGH YAMANI CLARIFIED SAUDI ARABIA'S READINESS TOCONCLUDE A BILATERAL ARRANGEMENT WITH JAPAN, PERHAPS YAMANI'S STATEMENTS WERE AIMEDAT PREVENTING CONSUMER COUNTRIES FROM ACTING TOGETHER IN DEALING WITH PRODUCERS. ONLY COURSE OPEN TO JAPAN, PAPER SAID, IS TO CONTINUE TO COOPERATE WITH BOTH PRODUCERS AND CONSUMERS. IN SIMILAR VEIN, NHK-TV HIGHLIGHTED REPORTS THAT FONOFF WAS VERY CAUTIOUS ABOUT DESIRABILITY OF DIRECT NEGOTIATIONS WITH PRODUCERS AND WAS URGENTLY DISCUSSING MATTER WITH MITI, WHICH WAS MORE POSITIVE. FONOFF, NHK SAID, BELIEVES IT IS NOT TO JAPAN'S ADVANTAGE TO COMPETE TO PURCHASE CRUDE OIL WITH EUROPEAN NATIONS AND U.S. WHICH RETAIN CLOSE CONNECTIONS WITH ARAB NATIONS, AND TORUN RISK OF ANGERING INTERNATIONAL MAJORS. SHOESMITH

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